

Etrion Corporation

etrion

Powered by the Sun

Developing, building and operating solar
power generation plants

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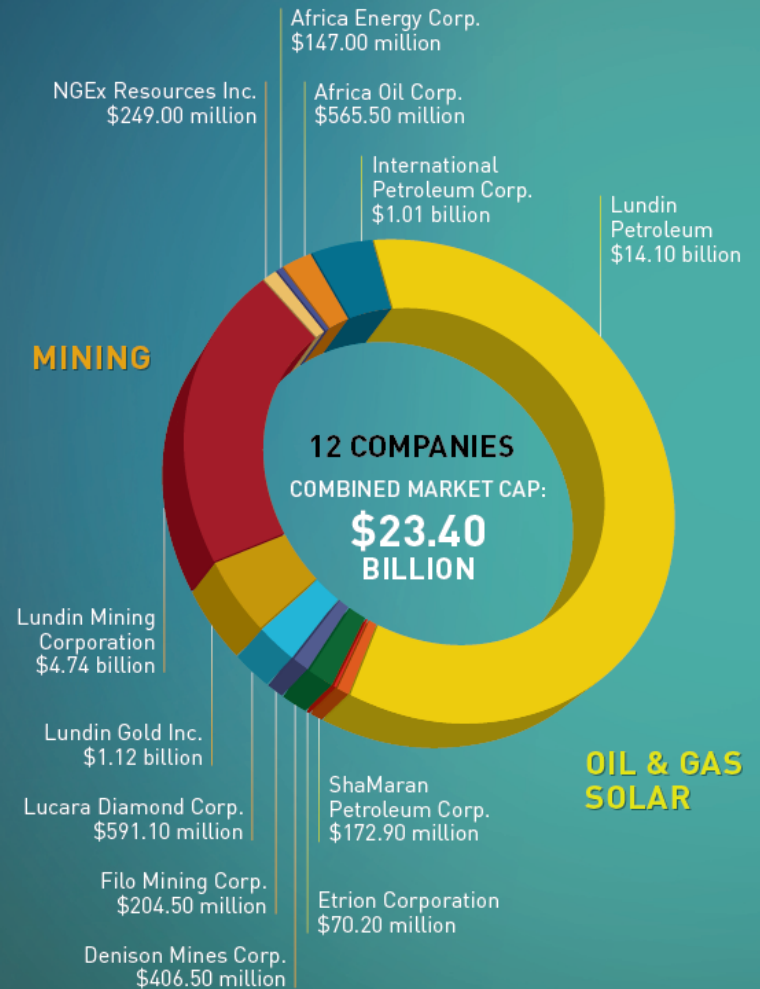
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Lundin Group

Explorers | Builders | Producers

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330,000
carats
DIAMONDS
per year



263,000
tonnes
COPPER
per year



157,000
tonnes
ZINC
per year



155,000
boepd
OIL
per year



330,000
tonnes
NICKEL
per year



330,000
GWh
SOLAR ELECTRICITY
per year

Etrion is listed solar development company focusing on Japan



Downstream solar developer platform with strong track record in Europe, South American and Japan



Japan focused
5th largest energy market worldwide



12 solar plants
57MW operational
45MW construction



MCAP US\$83m⁽¹⁾
Fully funded

OMX: ETX
TSX: ETX



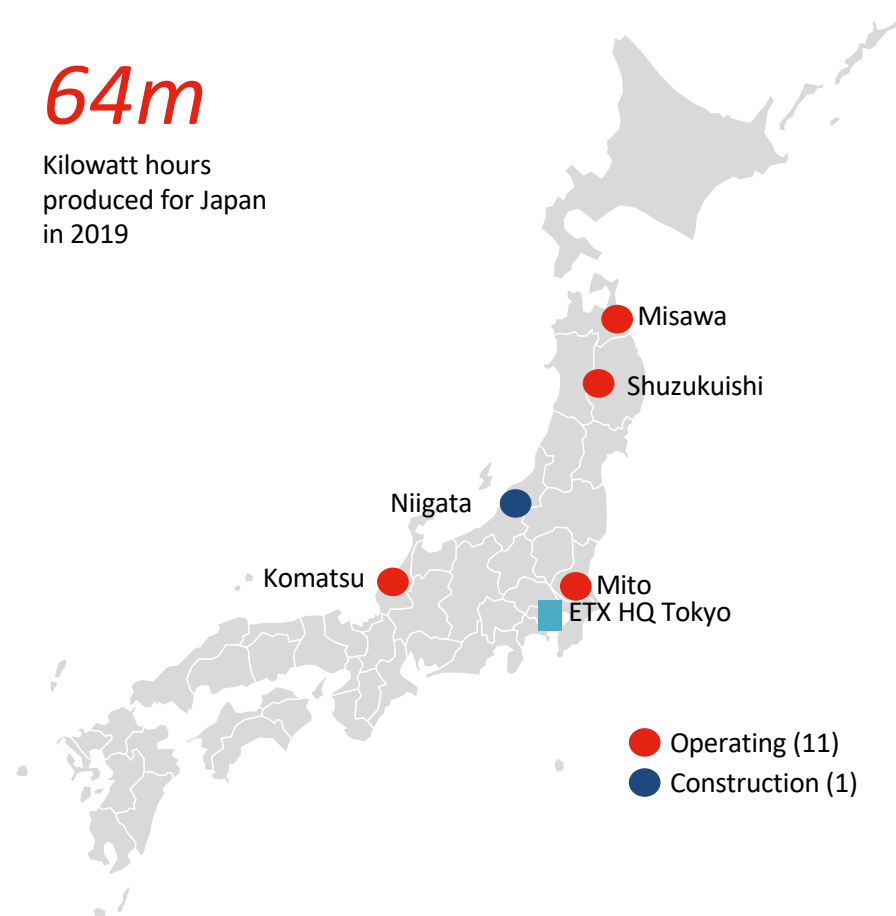
US\$11.4m H1'20 revenue
(US\$21.7m expected annual revenue plus US\$ 15.5m from Niigata after 2021)



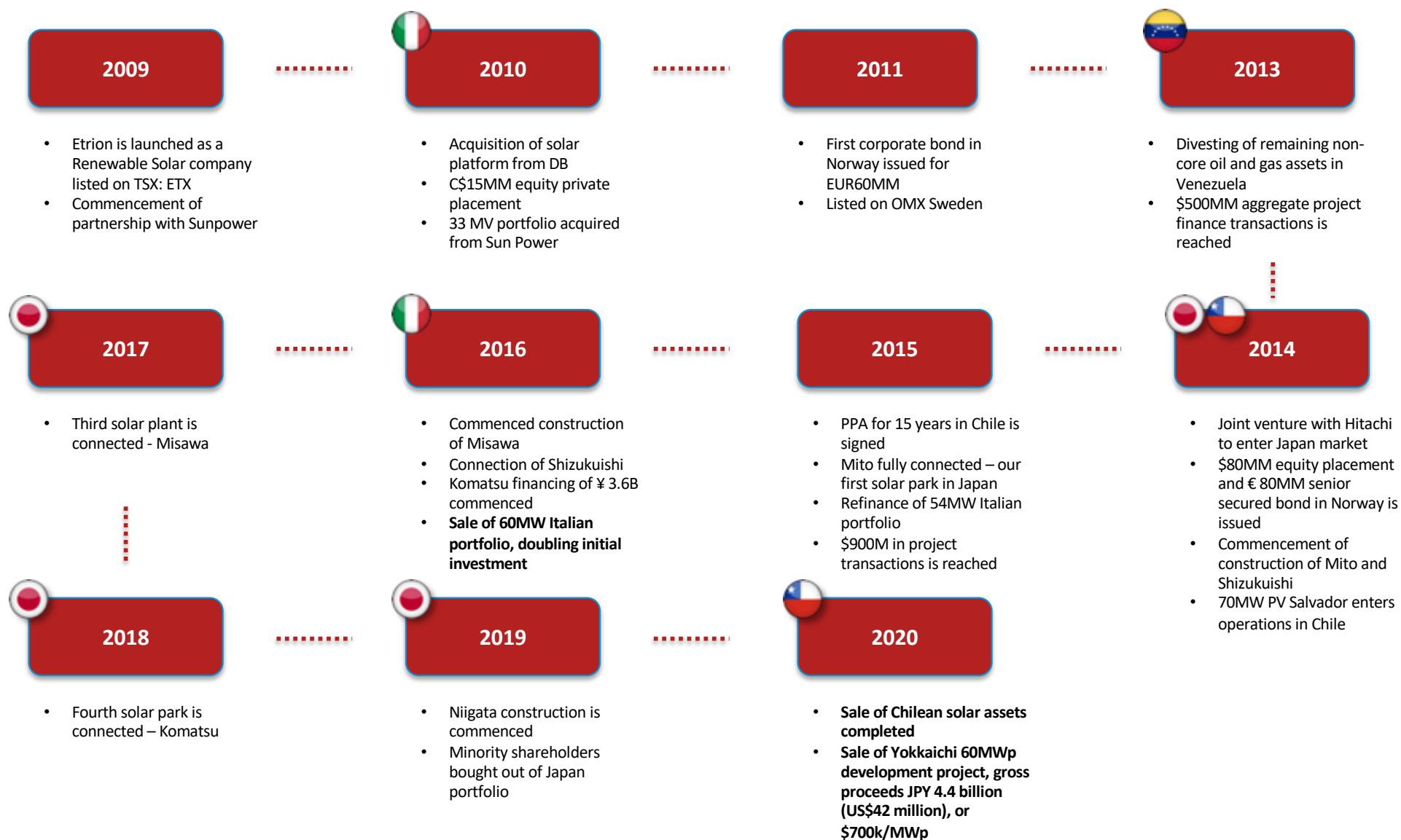
36% owned by Lundin
5.7% owned by mgt

64m

Kilowatt hours produced for Japan in 2019



Our history and milestones



Successful Track Record

- In April 2020, Etrion's Niigata green bond was recognized as "The Best Structured Product of 2019" by J-Money, the Japanese financial journal (former Euromoney Japan). This award highlighted another innovative financing by Etrion
- Successfully executed more than US\$1.2 billion of solar project finance loans and bonds across three continents over the past decade.



SUMITOMO MITSUI
TRUST BANK



Focus on Japan

Key attractions Japanese power market

- 1 Among top 5 largest energy markets in the world
- 2 Solar supported by a Feed-in-Tariff program
- 3 Among highest electricity prices in OECD
- 4 Strategic partnerships
- 5 Low cost of financing
- 6 Energy sector deregulated in 2016
- 7 Strong institutional demand for yield

Japanese economy is still early in moving to renewable energy

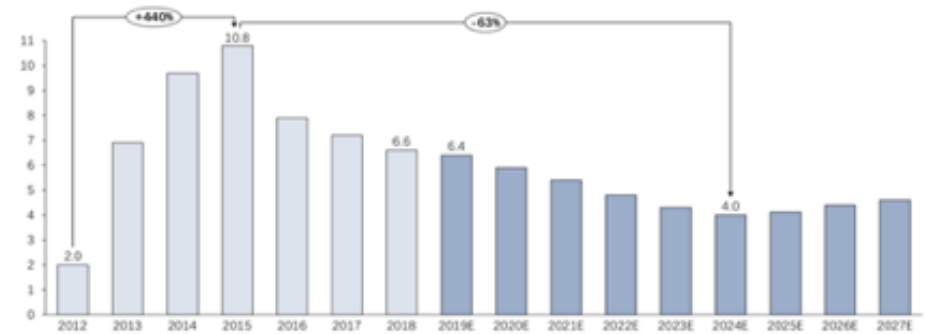


Figure 1: Japan solar PV market growth scenario 2019-2026 (GW)

Source: JPEA

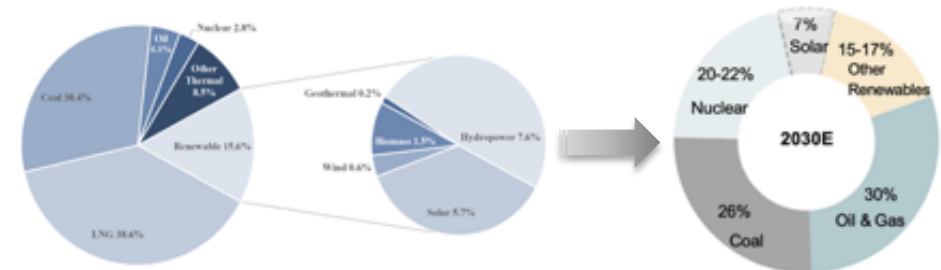


Figure 2: Electricity Generation by Fuel in Japan in 2017

Source: METI

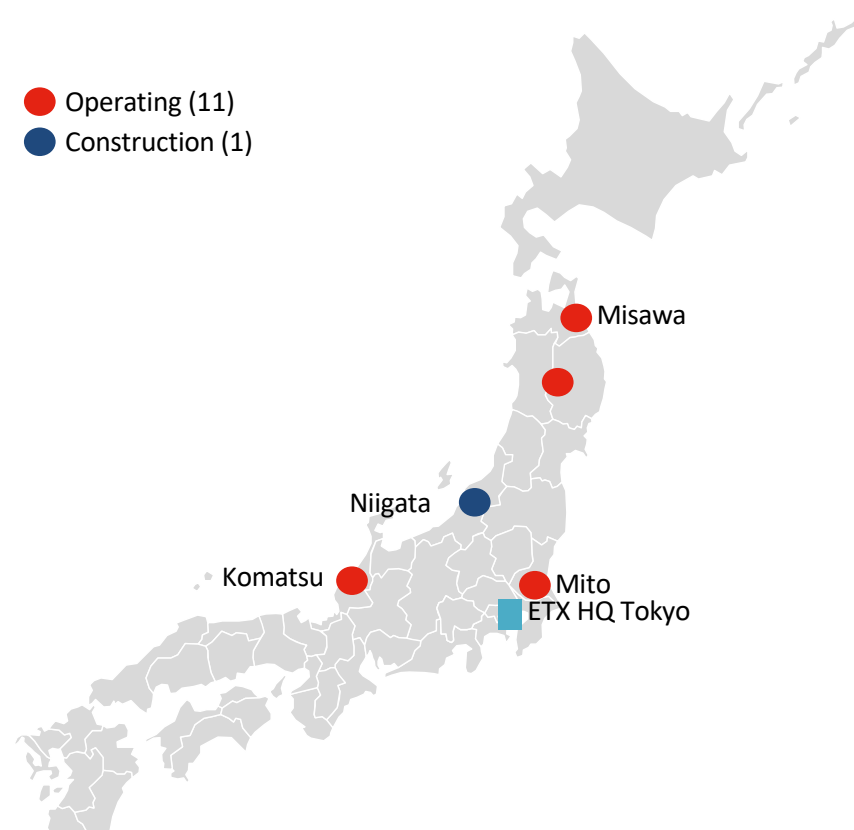
Figure 3: Electricity Generation by Fuel in Japan in 2030

Source: METI

Our presence

PROJECT	Utility	COD	Capacity MWp	Prod. GWh/y	Tariff ¥/kWh	PPA Term years
Misawa	Tohoku	2017	9.5	10.8	36	20
Mito	Tepco	2015	9.3	11.1	40	20
Shizukuishi	Tohoku	2016	24.7	28.0	40	20
Komatsu	Hokuriku	2018	13.2	15.0	32	20
Operational			56.7	64.9		
Niigata	Tohoku	2021e	45.0	46.5	36	18
Total			101.7	111.4		

- Operating (11)
- Construction (1)



Operating Assets – Key Metrics	
Net Capacity	56.7 MWp
Average annual production	64.9 GWh
Average annual revenue	\$21.7m
Average annual EBITDA	\$15.7m
Average annual FCF	\$4.9m

The background of the slide is a grayscale image of solar panels, showing the characteristic grid lines and rectangular cells.

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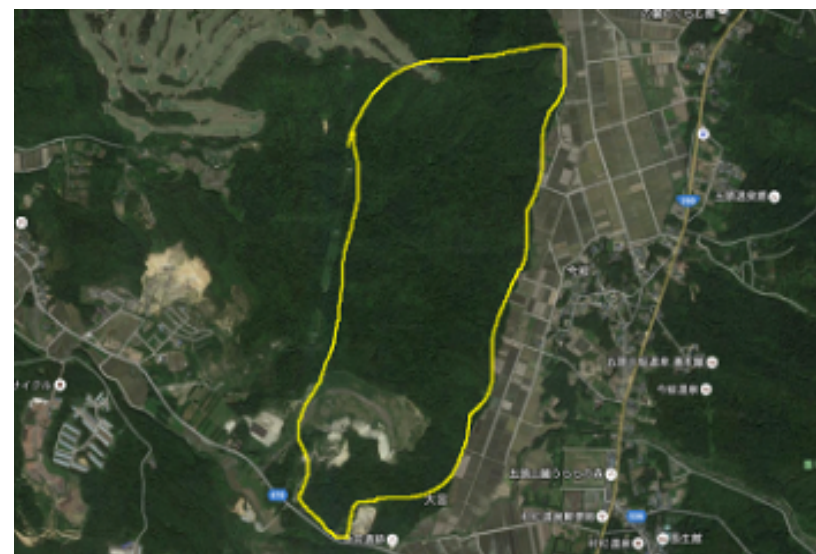
Niigata – Under construction
45 MW solar park

Niigata – 45 MW

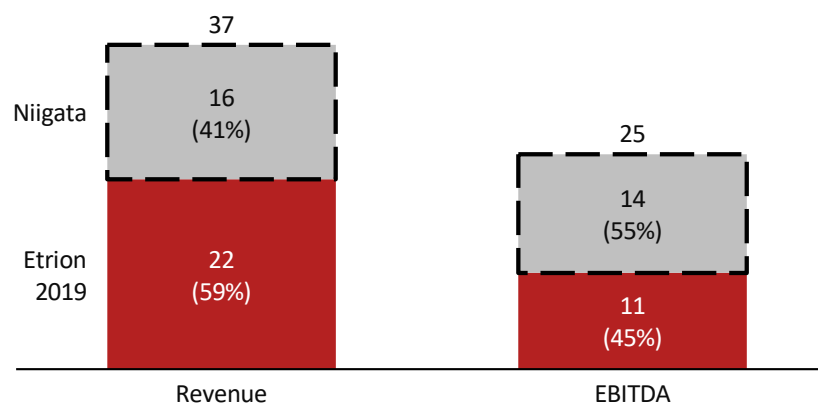
Key project metrics

Niigata	
Utility	Tohoku
Capacity	45 MW
Ownership (as of now)	100%
Technology	Fixed-tilt
Module	Jinko
Inverters	TMEIC
Irradiation Yield	1,050 kWh/kWp
Revenue Stream	FiT: ¥36/kWh
Production	Term: 18+ years
Total Project Capex	10.8 GWh/year
Commencement of Operation	US\$ 154.2M
Finance structure	Feb-2017
Debt tenor	BBB Green Project Bond, US\$ 146.5M (JPY 15.9 billion)
Interest rate	Construction period plus 16.8 years
Total Equity	All-in non-recourse project loan interest rate of 1.2%
EPC Contractor	US\$ 7.7M
O&M Contractor	Toyo Engineering
AMS Provider	TMEIC / TAG
COD Target	Etrion
Average ⁽¹⁾ Revenue	Q4-2021
Average EBITDA	US\$ 15.5 m/year
Average free cash flow at project level	US\$ 12.7 m/year
	US\$ 3.6m/ year

Location



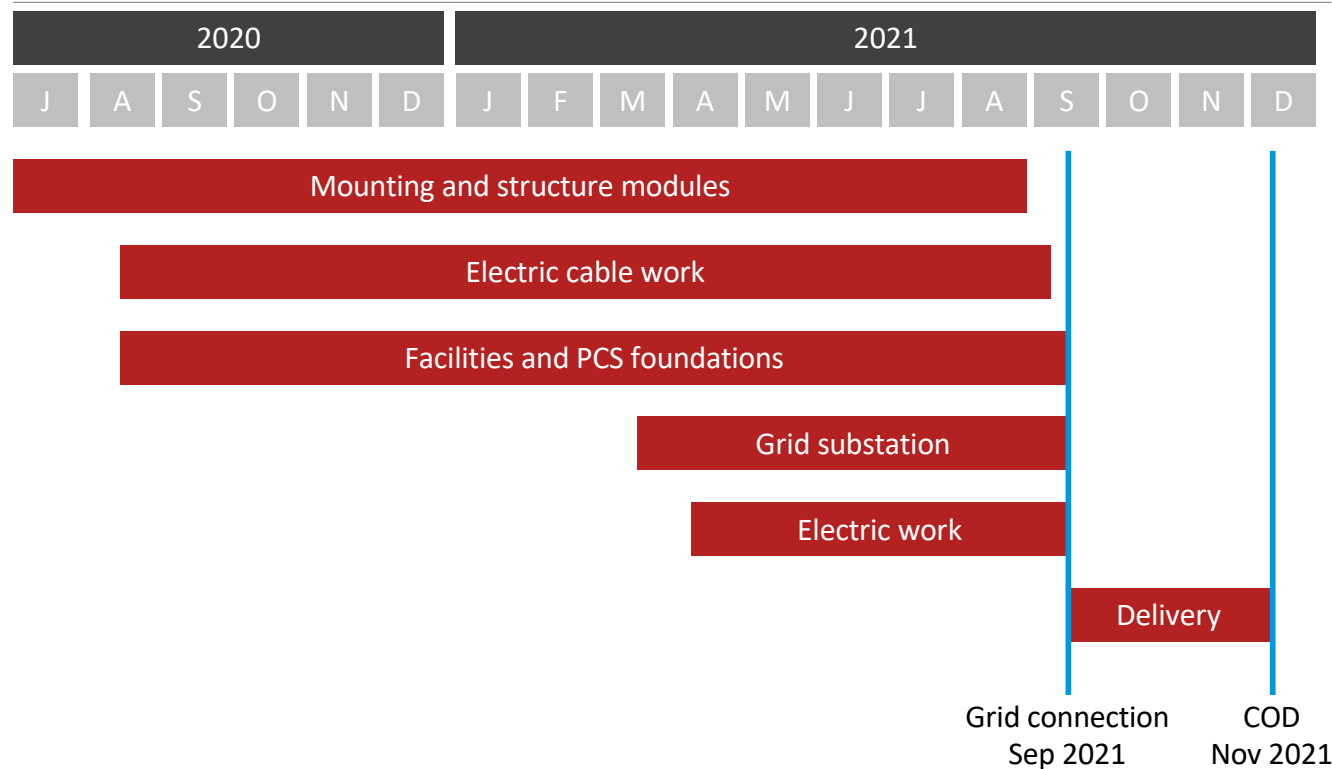
Significant impact on earnings



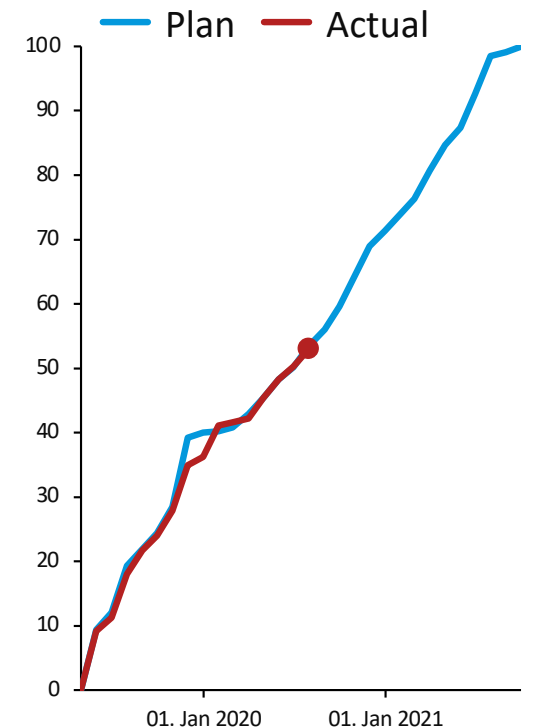
⁽¹⁾ Average refers to the first 5 years of operations based on historical weather forecast. Actual results will depend on actual weather conditions and other operational matters.

Niigata development progressing on time and budget

Process plan



Scheduled process

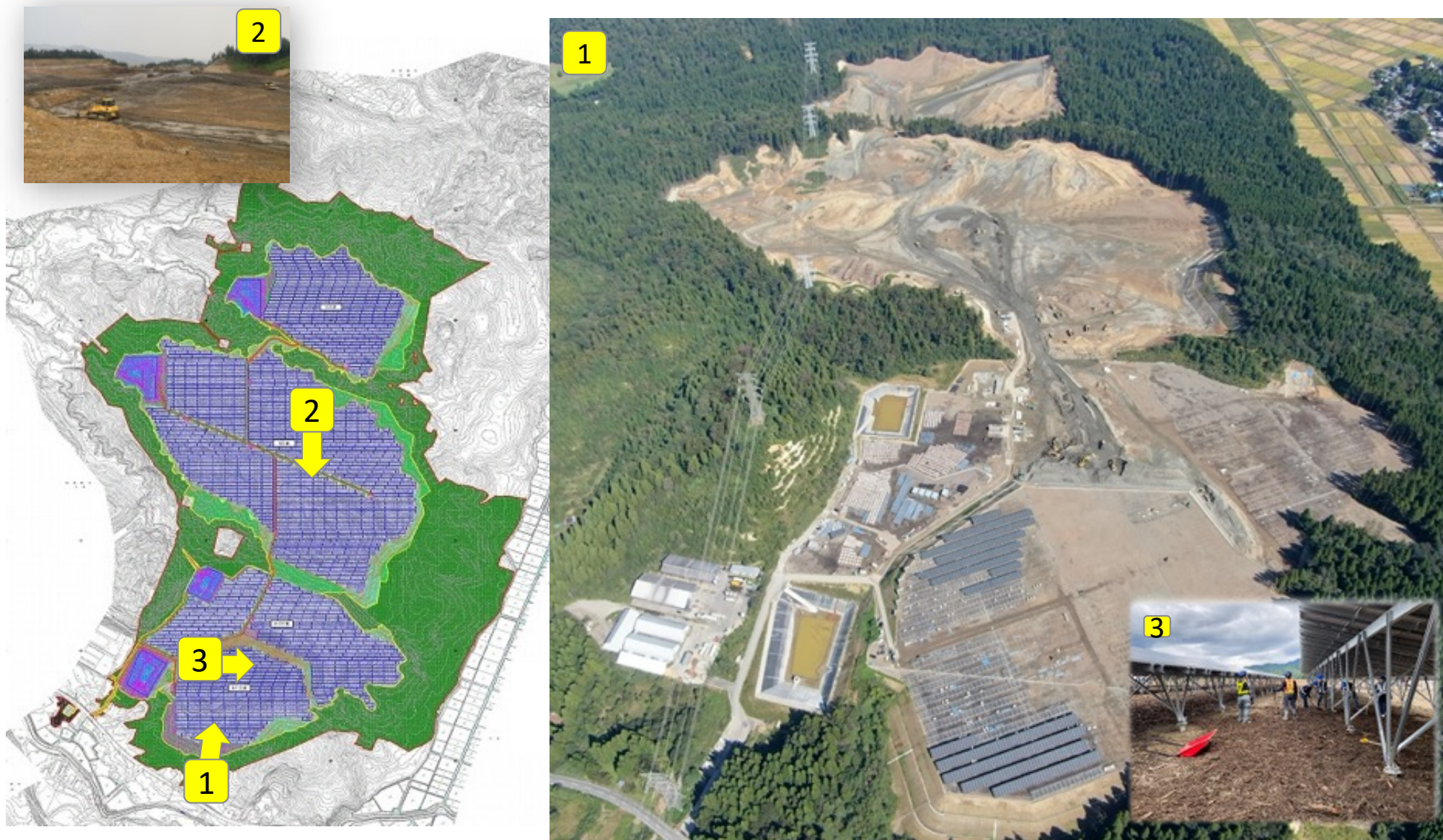


Construction in line with plan

>59% completed to date

In line with budget

WIP YTD is on time and budget +60%





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Business Development

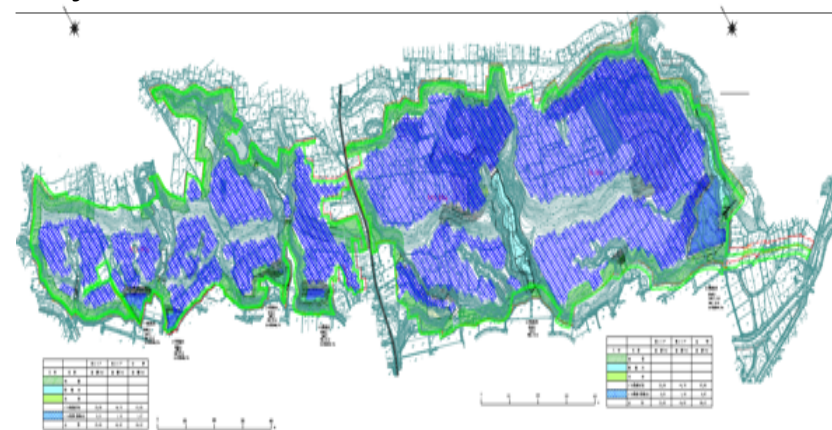
Mie 60 MW

- Etrion enters into a co-development services agreement with Japanese developer in 2015
- In 2016, Etrion invests approximately \$6.6 million in development cost
- Project reaches ready to build status in 2020
- Etrion sells its project rights for approximately \$42 million, including refund of development expenses on October 2020
- On the investment this corresponds to 6.7x times ratio and an IRR of 50%

Key project metrics

Mie	
Size	54-64 MWp
Utility	Chubu EPCO
Ownership (as of now)	100%
PPA price	FIT: ¥36/kWh
Irradiation	1204 kWh/kWp
Expected: NTP / COD	N/A
Land	100 ha in long term lease

Project Site



Strategic Options in Japan and beyond

On October 21, 2020, Etrion announced that it was exploring strategic alternatives to maximize the value of its solar portfolio in Japan.

- - engaged Mitsubishi UFJ Morgan Stanley Securities Co., Ltd (“MUMSS”) as financial advisor to assist with the potential sale of the Company’s 57-megawatt operating solar portfolio and its 45-megawatt solar park under construction in Japan.
- The Company has received several non-binding proposals from strategic and financial investors regarding the potential purchase of its Japanese assets. A short-listed group of interested parties is now engaged in detailed due diligence of the assets.
- Management anticipates receiving one or more binding offers by end of the year and expects to close a sale by the end of the first quarter in 2021, subject to the negotiation of final agreements and the receipt of any required shareholder and regulatory approvals.
- Our goal is to provide liquidity to shareholders by distributing a significant portion of the proceeds to shareholders in the most efficient way possible

Growth opportunities

- Etrion has built a valuable platform with proven track record in development, financing and operational know-how, across Europe, Japan and South American
- Japan solar sector is going through a transition from a Feed-in-Tariff program to PPAs and auction program. Management believes that PPA will become one of the exciting growth opportunities in Japan.
- Outside solar, the wind sector becoming the next area for growth. Current FIT for off-shore wind is 36 JPY/kWh, which is twice of onshore wind projects in 2020
- The company is well positioned to expand and diversify by technology and by region post divestment of its existing solar platform leveraging its extensive network and resources across regions.

Summary

- Etrion is well positioned to continue to grow in one of the largest solar markets in the world
- Strong financial performance in all key operating metrics demonstrating excellent execution in all operational activities
- Niigata 45 MW project on track to be connected by Q4-21 which, once connected will nearly double our capacity with very rich economics
- Exciting opportunity to provide a liquidity event to shareholders if sales process of Japanese assets goes ahead
- Significant potential upside beyond Niigata with new growth opportunities in the industrial and commercial PPA segment, wind sector and geographical diversification

Contact Information

Christian Lacueva
Chief Financial Officer
clacueva@etrion.com

Marco A. Northland
Chief Executive Officer
mnorthland@etrion.com

Martin Oravec
Chief Investment Officer
moravec@etrion.com

Etrion Corporation
Rue du Commerce 4
1204 Geneva, Switzerland
info@etrion.com
www.etrion.com

